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DIVISION OF
OIL, GAS AND MINING

April 18, 2001

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Reply to:

Vernal Office

State of Utah
Division of Oil, Gas and Mining
Attn: D. Wayne Hedberg
P.O. Box 145801
Salt Lake City Utah 84114-5801

RE: Ziegler Chemical and Mineral Corporation

Dear Mr. Hedberg:

We are writing this letter to inform the Division of what Ziegler is planning to do and to ask if there are any permits that may need to be obtained before Ziegler does the work. In the past as Ziegler was mining the B-3 mine Ziegler mined through the pillar between themselves and American Gilsonite. In order to remedy the situation, Ziegler is planning to drill a hole on the Bonanza vein patented land located at Township 9 South, Range 24 East, Section 16, the Northwest quarter of the Southeast quarter.

This drill hole will be used for pumping cement into four seals located at American Gilsonite's B-38 mine to close the openings. The seals will be constructed to fill the width of the vein (approximately 48 inches) and the height of the opening through the ore pillar. These four openings will be seven (7) feet high, eight (8) feet high, eight (8) feet high, and twenty (20) feet high.

From the surface to the first opening is approximately 500 feet. The next three openings are approximately 605 feet, 717 feet, and 804 feet from the surface. Refer to the enclosed map for illustration of what Ziegler anticipates on doing.

American Gilsonite is wanting this done as soon as possible so that they do not need to change their production plans. Therefore, Ziegler would like to get started as soon as possible so please inform us of what you require of us, if anything. Thank you for your prompt attention to this matter.

Mr. Wayne Hedberg
April 18, 2001
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Very truly yours,

McKEACHNIE, ALLRED,
McCLELLAN & TROTTER, P.C.

A handwritten signature in cursive script, reading "Gayle McKeachnie".

Gayle F. McKeachnie

GFM/sm

Enclosure

cc: G.S. Ziegler, Jr.
Chip Ziegler
Stan Wagner

